


Maybank Research maintains 'hold' on TH Plantations



KUALA LUMPUR: Maybank Investment Bank Research maintained its "hold" call on [TH Plantations Bhd](#)  amid missed estimates on lower-than-expected crude palm oil (CPO) average selling price (ASP) and weaker-than-exepcted fresh fruit bunch output.

The research house said on Wednesday it was keeping its recommendation on the counter given the limited upside to its unchanged target price of 55 sen on 0.8 times forward price-to-net asset peg, representing its five-year mean.

"Trading at 12 times FY21 price-to-earnings ratio with no dividend appeal amid its disposal plan to deleverage (given its high net gearing of 136%), we prefer Sarawak Oil Palm (current price: RM4.04, Buy, TP: RM5.59) for small and medium capitalised stocks.

"In addition, the MCO may delay its disposal plans," it said.

However, Maybank Research revised higher its FY21/22 forecast core earnings per share to RM36mil and RM30mil based on new output assumptions.

It recently raised its industry-wide CPO ASPs to RM2,700 per tonne from RM2,500 per tonne for 2021 and RM2,600 per tonne from RM2,500 per tonne for 2022.

In 4Q, TH Plantations' headline PATMI of RM2mil was dragged down by net fair value losses on biological assets and forestry but mitigated by forex gain and net reversal of impairments.

- **ANALYST REPORTS**
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